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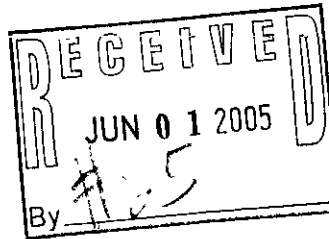
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COMMISSIONER

May 23, 2005



Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments/Legal ESS, Room 3060  
Federal Deposit Insurance Corporation  
550 17th Street, N.W.  
Washington, DC 20429

Re. Public Hearing on the Petition for Rulemaking to Preempt Certain State Laws from the Financial Services Roundtable (Roundtable)

Dear Mr. Feldman:

Thank you for the opportunity to comment on the Roundtable's request to the FDIC to issue unprecedented and sweeping new rules that would provide that the home state law for a state chartered bank will govern its interstate activities and those of its subsidiaries to the same extent that the National Bank Act governs a national bank's interstate business. In its request, the Roundtable indicated its belief that such rules would create parity between state-chartered banks and national banks with interstate activities and operations. We vigorously disagree with the Roundtable's position and request.

The Florida Office of Financial Regulation (Office) is dedicated to safeguarding the private financial interests of the public by licensing, chartering, examining and regulating financial institutions and financial service companies in the State of Florida. The Office also strives to protect consumers from illegal financial activities of depository and non-depository institutions and companies, while preserving the integrity of Florida's markets and financial service industries. We are responsible for licensing, chartering and regulating more than 350 financial institutions with assets in excess of \$84 billion, including state chartered commercial banks, savings banks, credit unions, non-deposit trust companies and branches, agencies, representative offices and administrative offices of foreign banks. In addition, the Office licenses and regulates collection agencies, consumer finance companies, mortgage broker businesses, lenders and branches, and mortgage broker individuals, retail installment sellers and sales finance companies, securities dealers and agents, and securities offerings. The Office has a long and close working relationship with the FDIC concerning the regulatory supervision of Florida financial institutions to ensure the public confidence in the safety and soundness of the banking system.

The Office is opposed to the FDIC issuing the requested rules preempting state laws otherwise applicable to the interstate activities of a state bank and its subsidiaries. We offer the following comments:

- **Consumer Protection May Be Immediately Weakened:** This regulation would on its face have a potential negative impact on consumers in states with stronger consumer protections than available in the bank's home state. Further, Florida consumers would be subjected to the confusing array of 50-plus consumer protection acts and agencies.

- **Race to the Bottom for Consumer Protection:** This regulation would eliminate the dual banking system, as we know it, by essentially creating competing federal systems for multi-state operations. States with banking laws that are perceived as the least burdensome would become the home states of choice for the multi-state banks. The states would be able to compete only by abolishing consumer protections and granting state banks more expansive powers, all with less vigorous regulatory oversight and fees. This will be to the detriment of consumers and businesses residing in states with strong consumer protections, decrease the stability of the deposit insurance fund, and jeopardize the safety and soundness of the entire banking system.
- **Undermining of State Regulatory Authority:** This regulation shows a disregard for federalism principles by indiscriminately overriding host state policies.
- **Undermining of State Legislative and Judicial Authority:** This regulation could prevent the Florida Legislature from implementing current and future consumer protection legislation.
- **Facilitation of Industry Consolidation:** This regulation would erode regulatory barriers which will encourage increased industry concentration, reduce competition, and provide fewer consumer choices by concentrating bank charters in fewer states via the ability to choose a more favorable state framework than the laws of the home state.
- **Abuse of Authority by the FDIC:** The FDIC does not have the legal authority to perform what is properly a legislative function. Congress, not regulatory agencies, should be responsible for (a) making changes that could result in a dramatic restructuring of the dual banking system, and (b) loosening the policy against mixing banking and commerce (which Congress reaffirmed in the Gramm-Leach-Bliley Act).
- **Overburden the FDIC and State Regulatory Agencies:** The limited financial and personnel resources of the FDIC and each state regulatory agency would become severely strained as each would need to be responsive to examination and consumer issues dealing with every state's law and in every location of a bank's or subsidiary's operations.

The petition to the FDIC seeks implementation of rules that will result in Florida citizens being forced to depend on the regulatory efforts of other distant states to protect them from unscrupulous practices by banks and subsidiaries here. I believe that neither individual states nor the federal government have the resources to adequately protect and appropriately respond to consumers of financial services under this concept. The proposed preemption rules would also create an unnecessary adversarial relationship between the FDIC and the state authorities, disrupting the history of successful cooperation that has ensured a safe and sound banking system. The end result will be a tragic loss of public confidence in the banking system. As such, we ask that you unequivocally reject the preemption request of the Roundtable.

Sincerely,



Don B. Saxon  
Commissioner

DBS/lc

cc: Florida Governor Jeb Bush  
Florida Chief Financial Officer Tom Gallagher  
Florida Attorney General Charlie Crist  
Florida Commissioner of Agriculture Charles H. Bronson  
Florida Congressional Delegation  
Conference of State Bank Supervisors